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SUBJECT: WORLD BANK ISSUES NOTICE OF NON-PAYMENT TO GUINEA

¶1. (SBU) Siaka Bakayoko, the World Bank ResRep in Guinea, told Charge on 2 February that World Bank Headquarters in Washington issued a Notice of Non-Payment to Guinea at 5:00pm Washington time on Friday, 30 January for the loan payment that was due on 1 January. Prompt payment of this World Bank loan--now 30 days overdue--is one of the conditions for keeping the IMF's three-year Poverty Reduction and Growth Facility on track.

¶2. (SBU) When asked what steps Bakayoko now planned to take, he said that the World Bank office in Guinea still considered the matter to be open. Bakayoko indicated that he wanted to give the Guineans the benefit of the doubt in case there was a technical issue that prevented payment. However, Bakayoko tried to call the Ministry of Finance on the morning of 2 February to obtain further information, but later told Charge, "No one was answering their phones." Thereafter, he dispatched a colleague to the MinFin offices to confirm non-payment. The WB official reported that the MinFin was "still processing the payment." When Charge asked Bakayoko if it would be acceptable if Guinea make the payment late, Bakayoko said he did not know. However, Bakayoko noted that this would not impact the HIPC debt relief program, since "Guinea has not yet reached all the (debt-relief) triggers anyway."

¶3. (SBU) On 3 February at a meeting at Charge's residence, Bakayoko told assembled G8 diplomats that the Minister of Finance had said that he had signed the paperwork for the loan payment last week and was "stunned" to find out that the payment had not yet been made. Bakayoko also reported that during a 22 January meeting with the Prime Minister, the PM told Bakayoko "everything will be taken care of by the time you get back (from a weeklong business trip to Accra)."

¶4. (SBU) Bakayoko speculated that the payment might not have been processed due to the increasing presidential control over the Guinean regime's finances. He said that after the MinFin approved the payment, the authorization paperwork might have gone to CNDD-President Moussa Dadis Camara for his signature. Bakayoko said Dadis Camara might not have signed the form for a variety of reasons--or simply out of neglect.

COMMENT

¶5. (SBU) As of 4 February, neither the current status of the loan payment nor the status of the IMF program are clear. World Bank Headquarters has officially noted the missed payment, while the country office in Guinea seems willing to give the GoG the benefit of the doubt. It is unclear how long the WB's patience will last. END COMMENT.
RASPOLIC